

REVIEW RESOURCES

Lesson 14: Contract Management: Post-Award

Agencies Performing Post-Award Functions

Three DOD agencies perform critical contract administration functions in systems contracting. They are:

Agency	Responsibilities
Defense Contract Audit Agency (DCAA)	The DCAA is a DOD organization that has the responsibility of performing contract audit services for the Department. The DCAA provides accounting and financial advisory services (before and after award) in connection with negotiating, administering, and closing out contracts and subcontracts.
Defense Finance and Accounting Service (DFAS)	The DFAS is responsible for the payment on all DOD contracts, with 5 payment centers and 20 smaller operating locations (OPLOCs) throughout the United States. The DFAS must make timely payments to contracts authorized by the contractors and the Contracting Officer.
Defense Contract Management Command (DCMC)	<p>The purpose of the DCMC is to provide worldwide contract administrative services in support of DOD components and other designated Federal and international organizations. FAR 42.302 further defines the contract administrative functions that may be performed by the cognizant Contract Administration Office (CAO) within the DCMC. The DCMC organization consists of a headquarters and three districts: East and West districts for operations within the United States, and an International district for overseas operations.</p> <p>Some of the more significant functions performed by DCMC components are: Contract Management, Quality Assurance, Engineering, Production and Industrial Resources, Property Management, Financial Services, Industrial Security, Transportation, and Program Support.</p>

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Contract Administration Key Personnel

Key personnel involved in contract administration include:

Role	Responsibilities
Program Integrator (PI)	The PI serves as the Contract Administration Office's focal point for a specific program, leading the program support team (PST). The PST provides functional and technical expertise to support the program. The PI provides reports to the program management office (PMO) and the DCMC chain of command.
Administrative Contracting Officer (ACO)	The ACO performs contract administrative functions as assigned by the Procuring Contracting Officer (PCO). FAR 42.302 (a) lists 69 functions normally performed by the ACO. The PCO may retain responsibility for some of these functions, but may also assign additional functions to the ACO in accordance with the FAR.
Termination Contracting Officer (TCO)	After the Contracting Officer (the PCO or ACO, depending on which has the authority) issues a notice of termination, the TCO is responsible for negotiating any settlement with the contractor.
Contracting Officer Representative (COR)	Contracting Officers may designate qualified personnel as their authorized representatives to assist in the administration of a contract. This designated individual is referred to as the Contracting Officer Representative. A COR's authority must be specified in writing. It is important to remember that a COR may be personally liable for any unauthorized acts.

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DCMC Involvement

The DCMC does not wait until after contract award to become involved in a program it will administer. The contracting office should invite the DCMC to participate in the solicitation, evaluation, and award phase as part of the Integrated Product Team (IPT). By getting involved early in the process, some contract administrative problems that a PCO may not be aware of can be avoided.

Procuring Contracting Officer

The PCO handles the procurement from the pre-solicitation phase through contract award, to include signing the contract on behalf of the Government. After contract award, the contract is normally assigned to an ACO for contract administration. However, the PCO still has the overall responsibility for the contract until it is completed and closed out.

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Contract Administration

The post-award phase begins with contract administration. Contract administration can be accomplished by the contracting office at the camp, post, or station, or by a Contract Administration Office. For DOD, most of the CAOs are within the DCMC.

Purposes

The purposes of contract administration are to:

- Protect the Government's interests.
- Avoid or eliminate overlapping and duplication of Government contract administration effort.
- Provide consistent treatment of contractors in the administration of Government contracts.

Role of Contract Administration

The role of contract administration typically includes the following activities:

- Manage Government interest.
- Monitor contractor's processes.
- Ensure contractor is paid.
- Provide program support.

Contract Administration Functions

Contract administration functions are accomplished in or near a contractor's plant for the benefit of the Government. A wide variety of administration functions are performed to ensure performance of a contract or in support of the buying organization.

CAO Functions

The FAR lists 69 functions typically performed by the CAO if they apply, and another 11 functions to be performed if specifically authorized by the buying office.

Examples of CAO functions:

- Administration of normal matters related to such things as certificates, name changes, transportation, packaging, billings, and payments.
- Cost monitoring, including negotiation of forward pricing agreements, negotiation of billing and final indirect cost rates, and determination of allowable cost.
- Ensuring contractor compliance with contractual quality assurance requirements, and acceptance of product or service on behalf of the Government.
- Surveillance of progress against production schedules.
- Evaluation and surveillance of contractor engineering efforts and engineering management systems.
- Support to the program, product, and project offices regarding program reviews, program status, program performance, and actual or anticipated program problems.
- Evaluation and surveillance of a number of contractor management systems including Government property administration, compensation, insurance, accounting, quality, purchasing, and purchasing systems.

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Delivery and Contract Closeout

The contract specifies the delivery requirements, including:

- Time and place of delivery;
- Quantity to be delivered;
- Method of delivery; and
- Individual or office with the authority to accept the deliverable.

Deliveries may be made throughout the contract or at the end of the contract. After deliveries are made by the contractor and accepted, the Government must:

- Make payments as prescribed in the contract; and
- Close out the contract.

The CAO and the Contracting Officer have certain responsibilities in closing out the contract.

Privity of Contract

Privity of contract is the legal relationship between parties established by a contract. The Government enters into a contractual relationship with the prime contractor. The prime contractor then enters into a contractual relationship with subcontractors in order to complete the Government contract. No contractual relationship exists between the Government and the subcontractor. The Government can only influence a subcontractor through the prime contractor.

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Contract Modification

A common occurrence in Government contracting is a contract change or modification. The Contracting Officer is the only person authorized to obligate the Government by awarding a contract and making any subsequent contract modifications.

There are two types of modifications that a Contracting Officer may execute:

- Bilateral Modifications – Signed by the contractor and the Contracting Officer.
- Unilateral Modifications – Signed by the Contracting Officer.

Type of Contract Modification	Description
Bilateral Modification	<p>A bilateral modification, also called a supplemental agreement, is used to:</p> <ul style="list-style-type: none"> • Make an adjustment to the contract price as a result of the issuance of a change order; • Definitize letter contracts; and • Incorporate any other agreements of the contracting parties.
Unilateral Modification	<p>A unilateral modifications is used to:</p> <ul style="list-style-type: none"> • Make an administrative change (written change to the contract that does not affect the substantive rights of the contracting parties); • Issue a change order (see below); • Make a change authorized by contract clauses (e.g., Options clause); or • Issue a termination notice.

Change Order

A change order, signed by the Contracting Officer, directing the contractor to make a change prior to agreement on terms and conditions, as authorized by the contract's Changes clause (FAR 43.101).

The Changes clause allows the Contracting Officer to make changes within the scope of the contract in: (a) drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the Government, (b) method of shipment or packing, or (c) place of delivery.

Constructive Change

The execution of bilateral or unilateral modifications by the Contracting Officer is the authorized

means of making changes to a contract.

Some action or a failure to act on the part of the Government may result in a constructive change. The individual that effects the constructive change may be held personally liable for the additional cost.

A constructive change is an unauthorized change that requires the contractor to perform beyond requirements of the contract. Usually, it occurs when a Government official, other than the Contracting Officer, interacts with the contractor. However, a Contracting Officer acting outside his/her authority can effect a constructive change.

As a result of constructive changes, the contractor may be entitled to additional compensation for the cost associated with work performed outside of the contract.

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Contract Closeout

Contract closeout occurs after the contract is physically completed. A contract is physically completed when:

- The contractor completes all deliveries and the Government has inspected and accepted the goods; or
- The contractor has performed all services and the services have been accepted by the Government.

The procedures for the closeout of contract files are found in FAR 4.804. The CAO normally initiates the closeout procedures, but the PCO has the ultimate responsibility for closing out the contract.

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